

# EXAMINER'S BANKING PRACTICES SURVEY

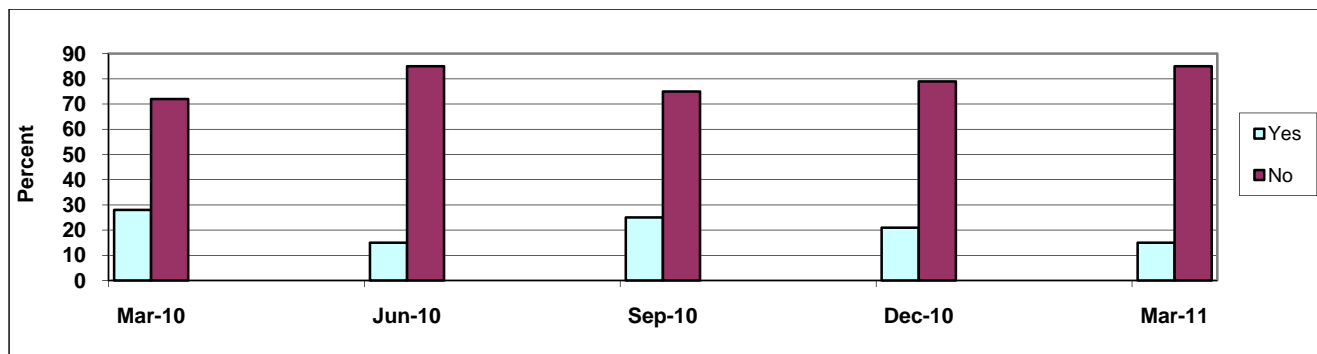
First Quarter 2011

Division of Finance  
State of Missouri

This survey is completed by bank examiners at the conclusion of each examination. **First Quarter 2011** results are compiled from **33** responses.

## LENDING

1. Since the last examination, has the institution significantly increased lending activity in any particular segment of the portfolio? "*Significantly*" means growth of 20% or more.



Of yes responses:

Loan Type	Mar-10	Jun-10	Sep-10	Dec-10	Mar-11
RE/Const/Land Devel	19%	13%	18%	29%	11%
RE/Agricultural	12%	12%	10%	7%	0%
RE/Commercial/Indust	25%	25%	18%	7%	0%
RE/Residential	0%	13%	18%	7%	22%
Agricultural	6%	12%	18%	14%	11%
Commercial/Industrial	25%	13%	18%	14%	45%
Consumer	13%	12%	0%	22%	11%

2. Is the institution active in making the following types of loans?

	Jun-10		Sep-10		Dec-10		Mar-11	
	Yes 3%	No 97%	Yes 6%	No 94%	Yes 3%	No 97%	Yes 3%	No 97%
Of Yes Responses-Loan type								
Sub-prime/Predatory lending	0%		33%		0%		0%	
Dealer paper	100%		67%		100%		100%	
Low or No-doc bus. lending	0%		0%		0%		0%	
High LTV home eq. lending	0%		0%		0%		0%	

3. Is the bank offering below market interest rates or reduced fees to attract loans?

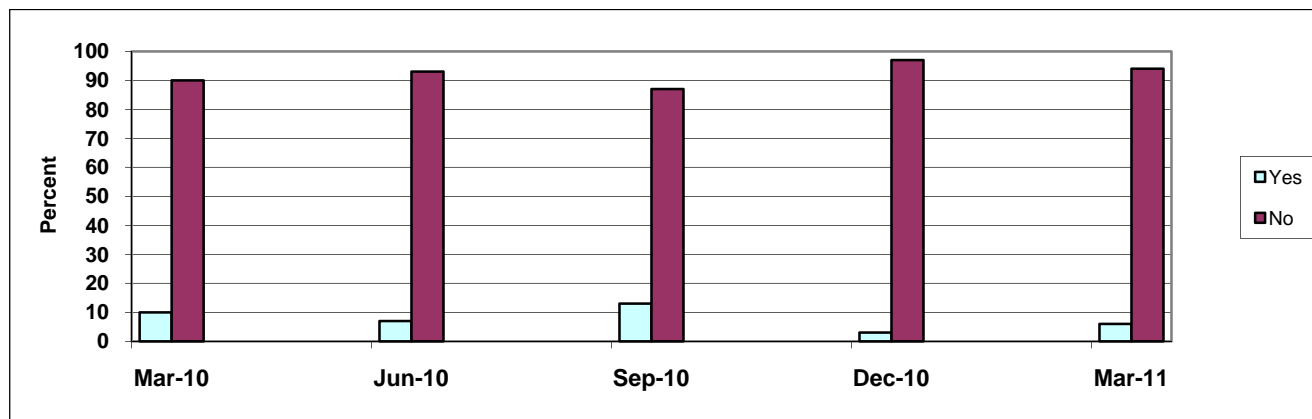
	Mar-10	Jun-10	Sep-10	Dec-10	Mar-11
Yes	0%	0%	6%	6%	0%
No	100%	100%	94%	94%	100%

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4. Does the institution use credit scoring models for loan decisions?

	Jun-10		Sep-10		Dec-10		Mar-11	
	Yes 15%	No 85%	Yes 16%	No 84%	Yes 12%	No 88%	Yes 9%	No 91%
Of Yes Responses - Loan type								
Credit card	7%		16%		0%		12%	
Consumer	43%		26%		30%		33%	
Residential mortgage	36%		21%		40%		33%	
Small business	7%		21%		20%		22%	
Other	7%		16%		10%		0%	

5. Are there indications the bank is incurring "more-than-normal" risk to boost new loans?



Of yes responses:

	Mar-10	Jun-10	Sep-10	Dec-10	Mar-11
Making collateral based loans?	0%	38%	29%	20%	25%
Reduced collateral margins?	0%	12%	0%	20%	0%
Not requiring cash flow projections?	50%	25%	29%	20%	25%
Liberal repayment terms? (reduced debt service ratios; interest only; deferred, extended, balloon or negative amortization payments)	25%	25%	29%	20%	25%
Waiving guarantees or other documentation?	0%	0%	13%	20%	0%
Other	25%	0%	0%	0%	25%

6. Describe potential risk in current underwriting practices for:

	Mar-10	Jun-10	Sep-10	Dec-10	Mar-11
<b>Agricultural Loans</b>					
Minimal	79%	92%	75%	91%	76%
Moderate	21%	8%	25%	9%	21%
Substantial	0%	0%	0%	0%	3%
<b>Commercial Loans</b>					
Minimal	55%	54%	47%	59%	58%
Moderate	31%	33%	47%	38%	39%
Substantial	14%	13%	6%	3%	3%
<b>Consumer Loans</b>					
Minimal	72%	77%	66%	77%	85%
Moderate	24%	23%	34%	20%	12%
Substantial	4%	0%	0%	3%	3%
<b>Residential Loans</b>					
Minimal	79%	77%	66%	74%	85%
Moderate	21%	23%	34%	20%	12%
Substantial	0%	0%	0%	6%	3%

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7. Differences between actual lending practices and written policies are:

	Mar-10	Jun-10	Sep-10	Dec-10	Mar-11
<b>Agricultural Loans</b>					
Minimal	83%	97%	91%	94%	91%
Moderate	17%	3%	9%	6%	9%
Substantial	0%	0%	0%	0%	0%
<b>Commercial Loans</b>					
Minimal	72%	77%	62%	79%	88%
Moderate	24%	18%	38%	21%	12%
Substantial	4%	5%	0%	0%	0%
<b>Consumer Loans</b>					
Minimal	86%	97%	91%	91%	100%
Moderate	14%	0%	9%	6%	0%
Substantial	0%	3%	0%	3%	0%
<b>Residential Loans</b>					
Minimal	83%	97%	91%	94%	91%
Moderate	17%	0%	9%	3%	9%
Substantial	0%	3%	0%	3%	0%

8. With regard to agricultural loans, describe the potential risk the bank faces from:

	Mar-10	Jun-10	Sep-10	Dec-10	Mar-11
<b>Carryover Debt</b>					
Minimal	86%	85%	78%	97%	94%
Moderate	14%	15%	22%	3%	6%
Substantial	0%	0%	0%	0%	0%
<b>Phase-out of Farm Subsidies</b>					
Minimal	90%	92%	84%	97%	94%
Moderate	10%	8%	16%	3%	6%
Substantial	0%	0%	0%	0%	0%
<b>Drop in Land Values</b>					
Minimal	90%	80%	81%	91%	82%
Moderate	10%	20%	19%	6%	18%
Substantial	0%	0%	0%	3%	0%

9. Has the ratio of Total Adversely Classified Items/Tier 1 Capital & ALLL increased (+) or decreased (-) since the prior examination?

	Jun-10		Sep-10		Dec-10		Mar-11	
No. Banks with Inc/(Dec) in ratio (%)	+ 64%	- 36%	+ 69%	- 31%	+ 41%	- 59%	+ 58%	- 42%
Average Inc/(Dec)in Ratio	28.2	(12.3)	19.8	(8.6)	13.3	(14.3)	15.1	(14.3)
Cause of Increase								
Eased underwriting standards	0%		6%		3%		8%	
Deterioration in new loans	2%		4%		11%		3%	
Deterioration in older loans	45%		45%		45%		48%	
Participations or out-of-territory	9%		8%		0%		3%	
Economic conditions	36%		33%		38%		27%	
Changes in lending personnel	2%		0%		3%		3%	
New types of lending activity	0%		0%		0%		0%	
Other	6%		4%		0%		8%	

10. Estimate loan classifications at this examination into the following types:

Loan Type	Mar-10	Jun-10	Sep-10	Dec-10	Mar-11
RE/Const/Land Development	27%	26%	35%	42%	32%
RE/Agriculture	1%	2%	3%	1%	3%
RE/Commercial/Industrial	51%	44%	38%	38%	44%
RE/Residential	9%	11%	9%	7%	8%
Agricultural	1%	1%	0%	1%	2%
Commercial/Industrial	8%	13%	13%	9%	9%
Consumer	3%	3%	2%	2%	2%

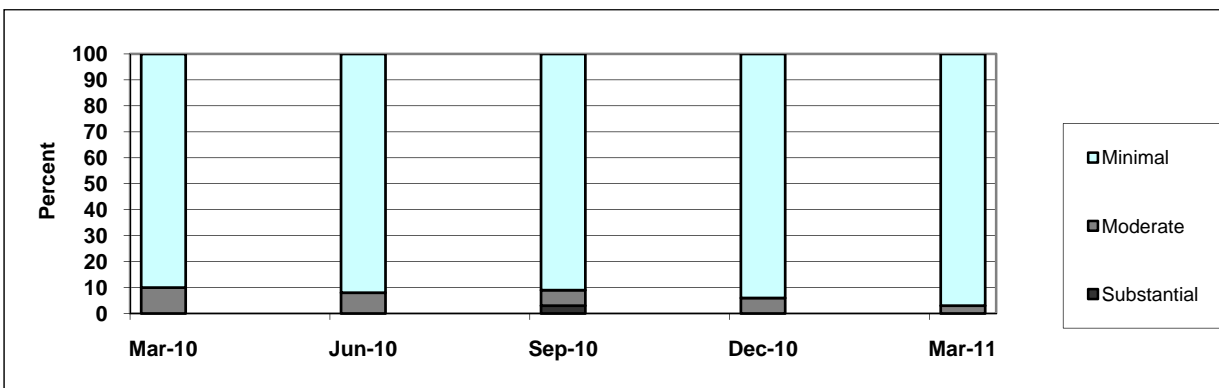
## Examiner's Banking Practices Survey

### INVESTMENTS

11. Since the last examination, has the institution purchased securities without understanding the characteristics of the issue?

	Mar-10	Jun-10	Sep-10	Dec-10	Mar-11
Yes	0%	3%	3%	0%	0%
No	100%	97%	97%	100%	100%

12. Differences between actual investment practices and written policies are:



### OTHER

13. Has the bank established a borrowing line with FHLB?

	Mar-10	Jun-10	Sep-10	Dec-10	Mar-11
Yes	86%	87%	81%	85%	97%
No	14%	13%	19%	15%	3%
If yes, does the bank actively borrow from the FHLB?					
Yes	80%	82%	89%	76%	75%
No	20%	18%	11%	24%	25%

14. Does the bank hold off-balance sheet derivatives?

	Mar-10	Jun-10	Sep-10	Dec-10	Mar-11
Yes	3%	15%	12%	9%	6%
No	97%	85%	88%	91%	94%

15. List nontraditional activity the institution is engaged in.

	Mar-10	Jun-10	Sep-10	Dec-10	Mar-11
Yes	90%	85%	75%	97%	91%
No	10%	15%	25%	3%	9%
Of those that do:					
Nondeposit Investment Sales	13%	13%	15%	12%	19%
Insurance Sales	11%	10%	9%	6%	8%
Real Estate Loan Secondary Market Sales	34%	29%	25%	33%	24%
Non-transactional Web Site	8%	7%	7%	6%	3%
Transactional Web Site	34%	40%	40%	41%	43%
Other	0%	1%	4%	2%	3%